



# Principal Residence Withholding Exemption – Trusts

On or After January 1, 2005

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<b>Revocable Trust on Title</b>	If property is sold by a revocable trust, the trust does not exist for tax purposes. The seller is the grantor of the trust for tax and withholding purposes. Usually, grantors of revocable trusts are individuals. So, individual withholding rules usually apply and all withholding documents should be completed using the name and social security number of the grantor.			
<b>OR</b>				
<b>Irrevocable Trust on Title</b>	<b>The trust was <u>revocable</u> prior to the death of the grantor.</b>	Are the trustee of the trust and the executor of the estate electing to treat the trust as part of the estate under IRC Section 645?  <b>Note:</b> An Internal Revenue Code (IRC) Section 645 election (Election To Treat a Qualified Revocable Trust as Part of an Estate) only applies if the trust was revocable prior to the death of the grantor. (Federal Form 8855 is used to make the election.)	<b>Yes</b>	<ul style="list-style-type: none"><li>The estate is considered to be the seller for tax and withholding purposes.</li><li>Withholding is not required if the executor completes Form 593-C certifying that the property qualified as the decedent's principal residence. The executor should write on the bottom of Form 593-C that the trust is electing to be included in the estate under IRC Sec. 645.</li></ul>
<b>OR</b>				<b>No</b> <ul style="list-style-type: none"><li>The trust is the seller for tax and withholding purposes.</li><li>The principal residence exemption does not apply.</li></ul>
<b>The trust was <u>irrevocable</u> prior to the death of the grantor (or the trust is irrevocable and the grantor is not deceased).</b>		<ul style="list-style-type: none"><li>The trust is the seller for tax and withholding purposes.</li><li>The principal residence exemption does not apply.</li></ul>		